

AMENDMENT 2 TO THE CONTRACT FOR SERVICES**Between****THE STATEWIDE ENERGY EFFICIENCY AND RENEWABLES ADMINISTRATION****and****SHAW ENVIRONMENTAL AND INFRASTRUCTURE**

The following is Amendment 2 to Contract No. 9501-FE-116, entered into by the Statewide Energy Efficiency and Renewables Administration (SEERA) and Shaw Environmental and Infrastructure (Shaw). This contract runs from May 9, 2011 through December 31, 2014. This amendment serves two purposes. First, it adds 2011 carryover funds in the amount of \$3,114,507 to the 2012 budget in the contract; and secondly, it allocates \$2,900,000 in 2012 to cover the Targeted Markets legacy energy efficiency and renewable project pipeline obligations. Unless specifically amended herein, all obligations, budgets and duties from the contract remain in force.

I. Carryover from 2011

Carryover funds from 2011 for Focus administration, Targeted Markets programs and Mass Markets programs totaled \$3,114,507. Of this, \$716,595 was unspent from the administrative budget and \$2,397,912 was from the programs. Shaw proposes to allocate the \$2,397,912 in 2011 carryover from the programs budget to the 2012 Targeted Markets budget. This amount is necessary to cover the unanticipated incentives paid when closing out the legacy energy efficiency programs at the end of March and a portion of the renewable energy projects that had been approved by the previous administrator.

Additionally, the Research Portfolio, consisting of the Environmental and Economic Research and Development program, had a carryover of \$923,685 from 2011 due to the fact that no RFPs were issued in 2011 because of the program transition. Shaw released an RFP in June for new projects with a total budget of \$400,000 and is planning on another RFP process with a similar budget sometime next year.

The Total 2012 Budget for Targeted Market Programs, Research Portfolio and Administration shall be amended as follows in Table 1:

Table 1. Total budgets for Focus on Energy Programs and Administration

	Mass Market Programs	Targeted Market Programs	Research Portfolio	Administration
Original 2012 Budget	\$29,877,578	\$55,492,850	\$100,000	\$7,842,000
Carryover from the 2011 Budget		\$2,397,912	\$923,685	\$ 716,595
Total 2012 Budget	\$29,877,578	\$57,890,762	\$1,023,685	\$8,558,595

In program year 2011, Shaw administrative costs came in under budget by \$716,595. These dollars will be added to Shaw's 2012 contractual budget of \$7,842,000 which was approved by the Commission on September 27, 2012.

Table 2 below shows the proposed allocation of the 2011 administrative carryover dollars. The additional services listed were previously discussed with PSC staff but not included in Shaw's original contractual scope of work. The balance of the 2011 carryover dollars (\$31,595) will remain in Shaw's administration budget as reserve funds. If not spent in 2012, these will roll over into the 2013 administrative budget.

Table 2. Allocation of 2011 administrative carryover dollars

SERVICE	BUDGET
New Focus on Energy Website	\$325,000
2012 Memberships and Sponsorships	\$225,000
SPECTRUM Development and Implementation Assistance	\$100,000
Find it With Focus Tool Redeployment	\$35,000
TOTAL	\$685,000

II. Additional Dollars from Unallocated funds for Targeted Markets Renewable Projects

With the close-out of legacy sector programs, launch of new Targeted Markets programs, and a commitment of \$10,000,000 in Renewable Energy incentive funding in 2012, Shaw developed a revised budget projection for the Targeted Markets portfolio in May. The total 2012 incentive budget for Targeted Markets renewable projects is \$6.5 million which is comprised of \$5 million for legacy renewable projects and \$1.5 for new large renewable projects.

When Shaw developed the 2012 budgets for Targeted Markets at the end of 2011, they were still in the process of determining the legacy renewable obligations by the previous program administrator. It was also not known what the Commission's guidance for future renewable energy funding levels would be. After the analysis of existing obligations and the Commission's April 27, 2012 decision regarding renewable energy funding, it was evident that additional funds were needed in the 2012 budget to cover renewable incentive obligations. Shaw reallocated approximately \$1.3 million from 2012 Targeted Markets energy efficiency budgets. These dollars, as well as the \$2.3 million in 2011 carryover dollars allocated to renewable energy obligations (see table 1) resulted in Shaw's ability to cover \$3.6 million of the \$6.5 million in obligations with existing 2011 and 2012 allocated funds. However, an additional \$2.9 million is needed to cover the remainder of the 2012 Targeted Markets renewable incentive obligations.

Rather than reallocating dollars from the new 2012 Targeted Markets programs to cover these obligations, which would have adversely affected the Implementers ability to ramp up the new energy efficiency programs, Commission staff recommended that \$2.9 million be taken from the Focus on Energy unallocated reserve funds to cover these costs.

The unallocated reserves in the Focus on Energy fund are the result of several program management decisions. First, funds were set aside to cover \$36 million in obligations identified by WECC in 2010 and 2011. However, since the initial set-aside, Shaw has identified numerous instances where funds had been obligated in previous years but customers did not implement the project. As of August 2012, this obligation amount was reduced to approximately \$11 million. Using SPECTRUM, Shaw has put processes in place to more accurately track obligations going forward. Second, PSC staff and the Fiscal Agent have established a goal of having a three month reserve (approximately \$27 million) to cover variances in check-runs from month-to-month. Finally, the remaining fund balance will be used to meet anticipated increased program demand in in 2013 and 2014 as new programs become established. Transfer of \$2.9 million from the unallocated reserve fund will not jeopardize the goal of having an adequate reserve fund.

With the addition of the \$2.9 million dollars, the Targeted Markets Program Budget is found in Table 3.

	Targeted Market Programs
2012 Budget with carryover from Table 1.	\$57,890,762
Additional Dollars	\$2,900,000
Total 2012 Budget for Targeted Markets	\$60,790762

Unless specifically modified herein, every other budget set by the Contract shall remain in effect. This amended agreement is made and entered into by and SEERA and Shaw, according to the approved scope of work and budget and all applicable appendices. All other terms and conditions remain the same.

The parties hereto agree as set forth in the amended fiscal considerations and budget, which are annexed and made a part hereof.

WE THE UNDERSIGNED PARTIES AGREE
TO BE BOUND BY THIS CONTRACT

By the STATEWIDE ENERGY EFFICIENCY & RENEWABLES ADMINISTRATION, INC. (SEERA)	By Shaw Environmental and Infrastructure
Date: 12/4/2012	Date: 12/5/2012
Signature: Dennis Derriks	Signature: Bill Abolt
Name: Dennis Derriks	Name: Bill Abolt
Title: Chairman	Title: Director

Approved by the Public Service Commission of Wisconsin

Date: 12/6/12

Signature: Ellen E. Nowak

Name: Ellen E. Nowak

Title: Commissioner